

TAX SUPPORTED DEBT AND DEBT CAPACITY ANALYSIS

Glossary of Terms

Terms/Definition

Authorized But Unissued Debt: Debt that has been authorized but has not yet been issued (sold).

Bond Anticipation Notes (BAN): Short Term Notes (borrowing of less than 12 months) in which funds are borrowed on a short-term basis to meet capital project needs that are supported by General Obligation Debt. This short term borrowing is used for three purposes: to avoid piecemeal General Obligation Debt issues; to consolidate all debt needs for projects into one issue to minimize debt issuance costs; and, to avoid federal arbitrage on debt service earnings. Interest is paid each fiscal year as part of General Obligation Debt Service. The General Obligation Debt that is issued, for which BAN has been incurred, is used to pay off the principal due on the BAN.

Certificates of Participation (COP): A type of lease-financing agreement in which the State issues certificates of participation in the lease payments for certain lease-financing agreements.

Debt Service: Principal and interest paid, or estimated to be paid, on Outstanding Debt.

Debt Service Earnings: Investment earnings on debt that is issued but unpaid for authorized projects. These investment earnings are managed within federal arbitrage rules and are used to reduce the amount that would otherwise be appropriated or allocated each fiscal year for General Obligation Debt Service.

General Obligation Debt: General Fund and/or Highway Fund bonds approved by the voters with the full faith and credit of the State.

Interest: That part of the Debt Service, which does not reduce the Outstanding Debt balance, as it represents the contract or coupon rate of the face amount of the bond payable on a periodic basis.

Lease Financing Agreements: Lease agreements for the purpose of acquiring or financing capital equipment and/or buildings. The lease agreement is secured solely by the equipment and/or building which is the subject of the agreement and is not a pledge of the full faith and credit of the State.

Maine Governmental Facilities Authority Debt: The Maine Governmental Facilities Authority is authorized by statute to assist in financing the acquisition, construction, improvement, reconstruction or equipping of, or construction of an addition or additions to, structures designed for use as court facilities or state offices and the acquisition, construction, improvement, reconstruction or repair of equipment or other personal property, all of which are rented to agencies of the State. Debt issued by the Authority does not carry a pledge of the full faith and credit of the State. Securities (debt) may not be issued without the prior approval of the Legislature. Debt issued by the Authority is financed through revenue supported by each project, which may include General Fund appropriations or Highway Fund allocations provided as rental payments.

Outstanding Debt: Debt that has been issued, or is estimated to be issued, (sold) but has not yet been retired (paid off).

Principal: That part of the Debt Service, which reduces the Outstanding Debt balance, as it represents payments of the face amount of the bond on specified maturity dates that retire the debt.

Tax Supported Debt: Any debt obligation for which the debt service is paid from General Fund and/or Highway Fund undedicated revenues that include, primarily, tax revenue sources. The debt obligation may include, in addition to General Obligation Debt, Certificates of Participation, Lease Financing Agreements and Maine Government Facilities Authority debt.

Background

Tax supported debt within the General Fund and Highway Fund includes general obligation debt, Maine Governmental Facilities Authority debt, and debt issued through lease financing agreements and certificates of participation. The significant feature of tax supported debt is that debt service is funded each fiscal year from General Fund and /or Highway Fund revenues. Thus, debt becomes an important consideration in balancing each biennial budget for the General Fund and Highway Fund.

General Obligation debt, issued by the Treasurer's Office, is requires approval by the voters and is issued for terms of 10 years or less. Maine Governmental Facilities Authority debt is issued for 20 year terms to finance the construction or improvement of state facilities supported by rental payments. Lease financing agreements and certificates of participation, issued by the Department of Administrative and Financial Services, are issued for terms of 5 years or less to finance large capital asset purchases such as vehicles and computer equipment. The relatively short term of these debt instruments follows the life expectancy of the capital assets. Debt requirements to maturity for each type of tax supported debt are shown in **Table S-1**.

As shown in **Table S-2**, the State of Maine has had a very conservative debt practice in historical terms. **Table S-2** shows combined General Fund and Highway Fund debt service, both actual and forecasted, as a percent of General and Highway Fund revenues from fiscal year 1993-94 through the forecast period of fiscal year 2008-09.

While other tax supported debt capacity measures exist, the most commonly used measure of tax supported debt capacity is debt service as a percent of revenue. Tax supported debt capacity is debt service as a percent of revenue and more appropriately measures the capacity within the context of the budget to support and finance the debt on an annual basis.

Budget Impact

Tax supported debt service represents a fixed cost within the budgets of the General Fund and Highway Fund. Should the State of Maine exceed prudent debt levels, resources may have to be taken from operational priorities to finance the fixed debt requirements. During times of limited resources, such as economic downturn, the State of Maine must still meet its debt service requirements. This may result in more serious reductions or cuts in other areas of the budget, beyond what may have been expected, due to the fixed nature of debt service costs.

Nevertheless, debt is an important financing opportunity to meet legitimate capital infrastructure needs of the State of Maine that cannot be financed through current resources, or that should be financed over the useful life of the asset or project. The important consideration is that the State of Maine should adhere to a predictable debt capacity benchmark that balances long term capital infrastructure needs with ability to pay through the budget process on a current basis.

Debt Capacity

The State of Maine has chosen to follow a debt capacity measure that uses a maximum ratio of 5% for tax supported debt service as a percentage of General Fund and Highway Fund revenues combined. This debt capacity benchmark will ensure the conservative debt policy of the State of Maine without jeopardizing infrastructure needs. **Table S-2** shows the amount of new debt associated with projected future issues:

\$130,000,000 issued in fiscal year 2004-05, \$60,000,000 issued in fiscal year 2005-06, and \$50,000,000 issued in fiscal year 2006-07. These projections and the resulting debt service costs maintain compliance with the debt capacity benchmark of remaining below the 5% limit.

Table S-2 shows the forecasted debt service in fiscal years 2007-08 and 2008-09 resulting from the projected debt issuance for fiscal years 2004-05, 2005-06, and 2006-07. This projection is shown in order to ensure that the "out years" are within the debt capacity ratio of 5% for tax supported debt service as a percentage of General Fund and Highway Fund revenues on a combined basis. **Tables S-3** and **S-4** are shown in order to identify both the historical and forecasted debt service for the General Fund and the Highway Fund on a separate basis. A minimal addition of \$20 million is projected to be authorized by the voters during the biennium, and has been added to the current authorized but unissued balance to support the issuance assumptions presented above.

It should be noted that debt service as a percent of revenue for the Highway Fund, in historical terms, has been high relative to the General Fund. This disparity has been addressed over the last two biennia by a sharp reduction of Highway Fund General Obligation Debt. The fiscal challenge for the Highway Fund has been that it must support large transportation infrastructure projects with revenues that increase at 1% each fiscal year.

TABLE S - 1

GENERAL FUND DEBT REQUIREMENTS TO MATURITY AS OF JUNE 30, 2004															
YEAR	GENERAL OBLIGATION BONDS					GOVERNMENTAL FACILITIES AUTHORITY				MISCELLANEOUS COPS & LEASE PURCHASES				TOTAL GENERAL FUND DEBT SERVICE	YEAR
	TOTAL DEBT OUT- STANDING	BAN/Tan Int	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL DEBT OUT- STANDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL DEBT OUT- STANDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE		
1994	383,618,000	4,941,806	48,998,680	23,033,604	76,974,090	16,255,000	0	371,061	371,061	11,680,000	2,135,000	794,875	2,929,875	80,275,026	1994
1995	377,055,000	7,853,125	57,912,610	21,044,906	86,810,641	16,165,000	90,000	740,930	830,930	9,870,000	1,810,000	678,370	2,488,370	90,129,941	1995
1996	369,457,945	7,806,394	59,297,345	19,100,774	86,204,513	15,400,000	765,000	726,542	1,491,542	8,296,211	1,828,571	570,560	2,399,131	90,095,186	1996
1997	339,620,600	6,790,082	67,537,345	19,365,916	93,693,343	20,595,000	795,000	854,072	1,649,072	6,893,919	1,994,734	504,137	2,498,871	97,841,286	1997
1998	337,575,000	701,560	56,545,600	18,035,896	75,283,056	19,575,000	1,020,000	974,676	1,994,676	7,108,598	1,784,433	424,804	2,209,237	79,486,969	1998
1999	334,725,000	491,045	57,235,000	17,716,780	75,442,825	28,865,000	1,060,000	933,354	1,993,354	5,190,096	1,918,502	392,912	2,311,414	79,747,593	1999
2000	341,205,000	184,331	59,810,000	17,497,114	77,491,445	104,360,000	1,100,000	3,976,492	5,076,492	3,248,552	1,941,544	269,894	2,211,438	84,779,375	2000
2001	297,405,000	112,500	65,850,000	18,082,743	84,045,243	159,975,000	3,235,000	7,919,123	11,154,123	1,287,546	1,961,006	143,977	2,104,982	97,304,348	2001
2002	260,790,000	229,652	64,225,000	15,444,189	79,898,841	192,170,000	4,290,000	9,518,238	13,808,238	1,048,485	239,061	72,662	311,723	94,018,802	2002
2003	293,990,000	6,498,874	63,680,000	12,941,300	83,320,174	196,790,000	6,240,000	9,998,101	16,238,101	794,512	253,973	57,752	311,724	99,870,999	2003
2004	355,025,000	6,096,260	56,240,000	12,438,353	74,774,613	197,950,000	11,850,000	9,937,831	21,787,831	15,217,913	269,817	41,907	311,724	96,874,167	2004
2005	301,585,000		53,440,000	12,525,813	65,965,813	186,905,000	11,045,000	9,187,963	20,232,963	11,045,659	4,172,255	365,781	4,538,036	90,736,812	2005
2006	243,670,000		57,915,000	12,059,690	69,974,690	173,610,000	13,295,000	8,757,836	22,052,836	3,154,259	7,891,400	363,669	8,255,069	100,282,595	2006
2007	194,945,000		48,725,000	9,704,100	58,429,100	160,300,000	13,310,000	8,215,557	21,525,557	960,000	2,194,259	60,757	2,255,015	82,209,672	2007
2008	152,665,000		42,280,000	7,677,844	49,957,844	146,985,000	13,315,000	7,641,776	20,956,776	485,000	475,000	28,335	503,335	71,417,955	2008
2009	115,585,000		37,080,000	5,852,869	42,932,869	133,675,000	13,310,000	7,056,369	20,366,369	0	485,000	15,035	500,035	63,799,273	2009
2010	82,380,000		33,205,000	4,091,398	37,296,398	120,975,000	12,700,000	6,489,115	19,189,115	0	0	0	0	56,485,513	2010
2011	54,770,000		27,610,000	2,513,050	30,123,050	108,290,000	12,685,000	5,908,393	18,593,393	0	0	0	0	48,716,442	2011
2012	29,265,000		25,505,000	1,534,263	27,039,263	96,190,000	12,100,000	5,308,198	17,408,198	0	0	0	0	44,447,461	2012
2013	6,520,000		22,745,000	717,374	23,462,374	84,100,000	12,090,000	4,702,569	16,792,569					40,254,943	2013
2014	0		6,520,000	28,590	6,548,590	72,035,000	12,065,000	4,101,273	16,166,273					22,714,862	2014
2015						60,120,000	11,915,000	3,507,651	15,422,651					15,422,651	2015
2016						48,865,000	11,255,000	2,916,476	14,171,476					14,171,476	2016
2017						37,620,000	11,245,000	2,322,931	13,567,931					13,567,931	2017
2018						26,870,000	10,750,000	1,730,644	12,480,644					12,480,644	2018
2019						16,120,000	10,750,000	1,144,919	11,894,919					11,894,919	2019
2020						5,380,000	10,740,000	561,985	11,301,985					11,301,985	2020
2021						2,345,000	3,035,000	193,610	3,228,610					3,228,610	2021
2022						1,065,000	1,280,000	84,861	1,364,861					1,364,861	2022
2023						260,000	805,000	32,850	837,850						2023
2024						0	260,000	6,413	266,413						

HIGHWAY FUND DEBT REQUIREMENTS TO MATURITY AS OF JUNE 30, 2004											
YEAR	HIGHWAY FUND GENERAL OBLIGATION BONDS				HIGHWAY FUND MISCELLANEOUS COPS & LEASE PURCHASES				TOTAL HIGHWAY FUND DEBT SERVICE	YEAR	
	TOTAL DEBT	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL DEBT	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE			
1994	143,355,000	12,965,000	8,494,849	21,459,849	0	0	0	0	21,459,849	1994	
1995	136,950,000	16,405,000	8,522,439	24,927,439	0	0	0	0	24,927,439	1995	
1996	144,440,000	17,510,000	7,726,972	25,236,972	0	0	0	0	25,236,972	1996	
1997	129,060,000	20,380,000	8,120,220	28,500,220	0	0	0	0	28,500,220	1997	
1998	139,180,000	19,880,000	7,075,196	26,955,196	1,546,231	26,405	17,605	44,010	26,999,206	1998	
1999	133,700,000	22,380,000	7,305,133	29,685,133	1,358,123	188,108	82,224	270,332	29,955,465	1999	
2000	111,230,000	22,470,000	6,862,012	29,332,012	1,159,528	198,596	71,721	270,316	29,602,328	2000	
2001	108,635,000	21,820,000	5,619,484	27,439,484	949,831	209,696	60,620	270,317	27,709,801	2001	
2002	85,335,000	23,300,000	5,299,529	28,599,529	5,728,403	221,429	48,889	270,317	28,869,846	2002	
2003	64,120,000	21,215,000	4,003,828	25,218,828	11,994,574	233,828	134,833	368,661	25,587,489	2003	
2004	61,105,000	16,015,000	3,022,015	19,037,015	12,045,841	1,946,934	419,784	2,366,717	21,403,732	2004	
2005	47,825,000	13,280,000	2,477,535	15,757,535	9,680,601	2,365,240	442,474	2,807,715	18,565,250	2005	
2006	33,875,000	13,950,000	2,007,306	15,957,306	7,237,485	2,443,115	360,211	2,803,326	18,760,632	2006	
2007	23,460,000	10,415,000	1,387,084	11,802,084	4,826,703	2,410,782	270,759	2,681,541	14,483,625	2007	
2008	15,410,000	8,050,000	954,856	9,004,856	2,755,354	2,071,349	188,830	2,260,179	11,265,035	2008	
2009	10,360,000	5,050,000	626,766	5,676,766	2,038,202	1,717,152	104,439	821,591	6,498,357	2009	
2010	6,995,000	3,365,000	406,191	3,771,191	1,290,000	748,202	74,889	823,091	4,594,282	2010	
2011	3,625,000	3,370,000	274,382	3,644,382	660,000	630,000	45,994	675,994	4,320,376	2011	
2012	2,175,000	1,450,000	129,594	1,579,594	(0)	660,000	16,500	676,500	2,256,094	2012	
2013	725,000	1,450,000	72,500	1,522,500							
2014	0	725,000	14,500	739,500							

GENERAL FUND & HIGHWAY FUND COMBINED DEBT REQUIREMENTS TO MATURITY AS OF JUNE 30, 2004														
GENERAL OBLIGATION BONDS					GOVERNMENTAL FACILITIES AUTHORITY				MISCELLANEOUS COPS & LEASE PURCHASES				TOTAL GF AND HF DEBT SERVICE	YEAR
YEAR	TOTAL DEBT OUT- STANDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL DEBT OUT- STANDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL DEBT OUT- STANDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE		
1994	526,973,000	61,963,680	31,528,453	93,492,133	16,255,000	0	371,061	371,061	11,680,000	2,135,000	794,875	2,929,875	96,793,069	1994
1995	514,005,000	74,317,610	29,567,345	103,884,955	16,165,000	90,000	740,930	830,930	9,870,000	1,810,000	678,370	2,488,370	107,204,255	1995
1996	513,897,945	76,807,345	26,827,746	103,635,091	15,400,000	765,000	726,542	1,491,542	8,296,211	1,828,571	570,560	2,399,131	107,525,764	1996
1997	468,680,600	87,917,345	27,486,136	115,403,481	20,595,000	795,000	854,072	1,649,072	6,893,919	1,994,734	504,137	2,498,871	119,551,424	1997
1998	476,755,000	76,425,600	25,111,092	101,536,692	19,575,000	1,020,000	974,676	1,994,676	8,654,829	1,810,838	442,409	2,253,247	105,784,615	1998
1999	468,425,000	79,615,000	25,021,913	104,636,913	28,865,000	1,060,000	933,354	1,993,354	6,548,219	2,106,610	475,136	2,581,746	109,212,012	1999
2000	452,435,000	82,280,000	24,359,126	106,639,126	104,360,000	1,100,000	3,976,492	5,076,492	4,408,080	2,140,140	341,615	2,481,755	114,197,372	2000
2001	406,040,000	87,670,000	23,702,227	111,372,227	159,975,000	3,235,000	7,919,123	11,154,123	2,237,377	2,170,702	204,597	2,375,299	124,901,649	2001
2002	346,125,000	87,525,000	20,743,718	108,268,718	192,170,000	4,290,000	9,518,238	13,808,238	6,776,887	460,490	121,551	562,040	122,658,997	2002
2003	358,110,000	85,095,000	16,945,128	102,040,128	196,790,000	6,240,000	9,998,101	16,238,101	12,789,087	487,801	192,585	680,386	118,959,614	2003
2004	416,130,000	72,255,000	15,460,368	87,715,368	197,950,000	11,850,000	9,937,831	21,787,831	27,963,754	2,787,831	461,904	3,249,732	112,191,640	2004
2005	347,410,000	66,720,000	15,003,348	81,723,348	186,905,000	11,045,000	9,187,963	20,232,963	20,726,259	6,537,495	808,256	7,345,750	109,302,062	2005
2006	299,545,000	71,865,000	14,066,996	85,931,996	173,610,000	13,295,000	8,757,836	22,052,836	10,391,744	10,334,515	723,880	11,058,396	119,043,228	2006
2007	218,405,000	59,140,000	11,091,184	70,231,184	160,300,000	13,310,000	8,215,557	21,525,557	5,786,703	4,605,041	331,516	4,936,557	96,693,297	2007
2008	168,075,000	50,330,000	8,632,700	58,962,700	146,985,000	13,315,000	7,641,776	20,956,776	3,240,534	2,546,349	217,165	2,763,514	82,682,990	2008
2009	125,945,000	42,130,000	6,479,635	48,609,635	133,675,000	13,310,000	7,056,369	20,366,369	2,038,202	1,202,152	119,474	1,321,626	70,297,630	2009
2010	89,375,000	36,570,000	4,497,589	41,067,589	120,975,000	12,700,000	6,489,115	19,189,115	1,290,000	748,202	74,889	823,091	61,079,795	2010
2011	58,395,000	30,980,000	3,787,431	33,767,431	108,250,000	12,685,000	5,908,393	18,593,393	660,000	630,000	45,904	675,904	53,036,819	2011
2012	31,440,000	26,955,000	1,663,857	28,618,857	96,190,000	12,100,000	5,308,198	17,408,198	(0)	660,000	16,500	676,500	46,703,554	2012
2013	7,245,000	24,195,000	789,874	24,984,874	84,100,000	12,090,000	4,702,569	16,792,569				41,777,443	41,777,443	2013
2014		7,245,000	43,090	7,288,090	72,035,000	12,065,000	4,101,273	16,166,273				23,454,362	23,454,362	2014
2015					60,120,000	11,915,000	3,507,651	15,422,651				15,422,651	15,422,651	2015
2016					48,865,000	11,255,000	2,916,476	14,171,476				14,171,476	14,171,476	2016
2017					37,620,000	11,245,000	2,322,931	13,567,931				13,567,931	13,567,931	2017
2018					26,870,000	10,750,000	1,730,644	12,480,644				12,480,644	12,480,644	2018
2019					16,120,000	10,750,000	1,144,919	11,894,919				11,894,919	11,894,919	2019
2020					5,380,000	10,740,000	561,985	11,301,985				11,301,985	11,301,985	2020
2021					2,345,000	3,035,000	193,610	3,228,610				3,228,610	3,228,610	2021
2022					1,065,000	1,280,000	84,861	1,364,861				1,364,861	1,364,861	2022
2023					260,000	805,000	32,850	837,850						2023
2024					0	260,000	6,413	266,413						

TABLE S - 1 Continued

SUMMARY OF BONDED INDEBTEDNESS					
BONDS ISSUED AND OUTSTANDING			BONDS AUTHORIZED BUT NOT YET ISSUED		
General Fund General Obligation Bonds	06/30/04	355,025,000	General Fund General Obligation Bonds	06/30/04	220,402,031
Highway Fund General Obligation Bonds	06/30/04	61,105,000	Highway Fund Bonds		0
Governmental Facilities Authority Bonds			Governmental Facilities Authority Bonds:		
Court Facilities		31,472,770	Court Facilities		0
Corrections		80,585,773	Corrections		0
Psychiatric Treatment Facility		29,245,000	Psychiatric Treatment Facility		0
Capital Construction & Repair		7,145,000	Capital Construction & Repair		340,000
Other State Facilities		49,501,457	Other State Facilities		0
Total Governmental Facilities Authority		<u>197,950,000</u>	Total Governmental Facilities Authority		<u>340,000</u>
TOTAL TAX SUPPORTED BONDS		<u>614,080,000</u>	TOTAL TAX SUPPORTED BONDS		<u>220,742,031</u>

TABLE S - 2

GENERAL FUND AND HIGHWAY FUND ACTUAL AND FORECASTED TAX SUPPORTED DEBT SERVICE										
FISCAL YEAR	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
	GENERAL FUND & HIGHWAY FUND GENERAL OBLIGATION DEBT SERVICE		TAN INTEREST	BAN INTEREST	GOVERNMENTAL FACILITIES AUTHORITY DEBT SERVICE		GENERAL FUND & HIGHWAY FUND MISCELLANEOUS DEBT SERVICE	TOTAL TAX SUPPORTED	GENERAL FUND AND HIGHWAY FUND REVENUE	DEBT SERVICE AS A PERCENT OF REVENUE
	EXISTING	NEW ISSUE			EXISTING	NEW ISSUE				
		Notes 1-4		Note 5		Note 7	Note 7	(1)+(2)+(3)+(4)+(5)+(6)	Note 8	(7) / (8)
1994	93,492,133		4,941,806	0	371,061		2,929,875	96,793,069	1,835,993,775	5.27%
1995	103,884,955		7,853,125	0	830,930		2,488,370	107,204,255	1,889,149,160	5.67%
1996	103,635,091		7,689,500	116,894	1,491,542		2,399,131	107,642,658	2,020,615,678	5.33%
1997	115,403,481		6,656,250	133,832	1,649,072		2,498,871	119,685,256	2,084,028,918	5.74%
1998	101,536,692			701,560	1,994,676		2,253,247	106,486,175	2,333,736,276	4.56%
1999	104,636,913			491,045	1,993,354		2,581,746	109,703,057	2,503,882,264	4.38%
2000	106,639,126			184,331	5,076,492		2,481,755	114,381,703	2,658,135,743	4.30%
2001	111,372,227			112,500	11,154,123		2,375,299	125,014,149	2,663,746,255	4.69%
2002	108,268,718			229,652	13,808,238		582,040	122,888,649	2,613,644,579	4.70%
2003	102,040,128		5,062,500	1,436,374	16,239,101		680,386	120,395,988	2,682,936,274	4.49%
2004	87,715,368		4,799,132	1,297,128	21,787,831		2,678,441	113,478,768	2,827,958,714	4.01%
2005	81,723,348		6,600,000	3,394,246	20,232,963		7,345,750	112,696,308	3,044,942,050	3.70%
2006	85,931,996	18,850,000	7,600,000	1,350,000	22,052,836		11,058,396	139,243,228	3,049,554,359	4.57%
2007	70,231,184	26,965,000	7,600,000	1,125,000	21,525,557		4,936,557	124,783,297	3,168,840,153	3.94%
2008	58,962,700	26,110,000		0	20,956,776		2,763,514	108,792,990	3,266,893,823	3.33%
2009	48,609,635	25,255,000		0	20,366,369		1,321,626	95,552,630	3,380,919,787	2.83%
ASSUMPTIONS										
1. FY06/FY07 budget includes projections of \$130 mil issuance in June 05, \$60 mil issuance in June 06; and \$50 mil issuance in June 07. This includes a minimum additional authorization amount of \$20 mil during the biennium.										
2. All future bonds will be issued 10 year straight line amortization, at an average interest rate of 4.5%.										
3. All previously authorized but unissued General Fund bonds will be issued according to historical trends and date of passing legislation.										
4. FY05-08 contain assumptions regarding issue size and interest rates which are contained within the current budget. These estimates are subject to change.										
5. It is assumed that Bond Anticipation Notes (BANs) will be issued quarterly throughout the FY for the amount of the June bond issue, at a BAN interest rate of 4.5%.										
6. TAN interest is excluded from Total Tax Supported Debt and the 5% Rule calculation.										
7. No new issues projected for MGFA or COPs by the Treasurer's Office.										
8. FY2005 through 2009 revenues obtained from December 2004 Revenue Forecasting Committee Report.										

TABLE S - 3

GENERAL FUND ACTUAL AND FORECASTED TAX SUPPORTED DEBT SERVICE									
FISCAL YEAR	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	GENERAL FUND GENERAL OB DEBT DEBT SERVICE		BAN INTEREST	GOVERNMENTAL FACILITIES AUTHORITY DEBT SERVICE		GENERAL FUND MISCELLANEOUS DEBT SERVICE	TOTAL GENERAL FUND DEBT SERVICE	GENERAL FUND REVENUE	DEBT SERVICE AS A PERCENT OF REVENUE
	EXISTING	NEW ISSUE		EXISTING	NEW ISSUE				
		Notes 1-4	Note 5		Note 7	Note 7	(1)+(2)+(3)+ (4)+(5)+(6)	Note 8	(7) / (8) Note 6
1994	72,032,284		0	371,061		371,061	72,774,406	1,623,888,486	4.48%
1995	78,957,516		0	830,930		830,930	80,619,376	1,671,736,430	4.82%
1996	78,398,119		116,894	1,491,542		1,491,542	81,498,097	1,766,400,760	4.61%
1997	86,903,261		133,832	1,649,072		1,649,072	90,335,238	1,863,086,301	4.85%
1998	74,581,496		701,560	1,994,676		1,994,676	79,272,408	2,111,860,005	3.75%
1999	74,951,780		491,045	1,993,354		1,993,354	79,429,532	2,259,718,302	3.52%
2000	77,307,114		184,331	5,076,492		5,076,492	87,644,429	2,395,216,805	3.66%
2001	83,932,743		112,500	11,154,123		11,154,123	106,353,488	2,390,628,353	4.45%
2002	79,669,189		229,652	13,808,238		13,808,238	107,515,317	2,331,660,562	4.61%
2003	76,821,300		1,436,374	16,239,101		16,239,101	110,735,875	2,394,690,190	4.62%
2004	68,678,353		1,297,128	21,787,831		21,787,831	113,551,142	2,521,336,769	4.50%
2005	65,965,813		3,394,246	20,232,963		20,232,963	109,825,985	2,723,556,807	4.03%
2006	69,974,690	18,850,000	1,350,000	22,052,836		22,052,836	134,280,362	2,719,127,178	4.94%
2007	58,429,100	26,965,000	1,125,000	21,525,557		21,525,557	129,570,214	2,828,629,922	4.58%
2008	49,957,844	33,360,000	0	20,956,776		20,956,776	125,231,396	2,918,049,757	4.29%
2009	42,932,869	29,380,000	0	20,366,369		20,366,369	113,045,607	3,022,774,583	3.74%
ASSUMPTIONS <ol style="list-style-type: none"> FY06/FY07 budget includes projections of \$130 mil issuance in June 05, \$60 mil issuance in June 06; and \$50 mil issuance in June 07. This includes a minimum additional authorization amount of \$20 mil during the biennium. All future bonds will be issued 10 year straight line amortization, at an average interest rate of 4.5%. All previously authorized but unissued General Fund bonds will be issued according to historical trends and date of passing legislation. FY05-08 contain assumptions regarding issue size and interest rates which are contained within the current budget. These estimates are subject to change. It is assumed that Bond Anticipation Notes (BANs) will be issued quarterly throughout the FY for the amount of the June bond issue, at a BAN interest rate of 4.5%. TAN interest is excluded from Total Tax Supported Debt and the 5% Rule calculation. No new issues projected for MGFA or COPs by the Treasurer's Office. FY2005 through 2009 revenues obtained from December 2004 Revenue Forecasting Committee Report. 									

TABLE S - 4

HIGHWAY FUND ACTUAL AND FORECASTED TAX SUPPORTED DEBT SERVICE							
FISCAL YEAR	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	HIGHWAY FUND GENERAL OBLIGATION DEBT DEBT SERVICE		BAN INTEREST	MISCELLANEOUS DEBT SERVICE	TOTAL HIGHWAY FUND TAX SUPPORTED DEBT SERVICE	HIGHWAY FUND REVENUE	DEBT SERVICE AS A PERCENT OF REVENUE
	EXISTING	NEW ISSUE					
	Note 1	Note 2		Note 3	(1)+(2)+(3)+(4)		
1994	21,459,849			0	21,459,849	212,105,289	10.12%
1995	24,927,439			0	24,927,439	217,412,730	11.47%
1996	25,236,972			0	25,236,972	254,214,918	9.93%
1997	28,500,220			0	28,500,220	220,942,617	12.90%
1998	26,955,196			44,010	26,999,206	221,876,271	12.17%
1999	29,685,133			270,332	29,955,465	244,163,962	12.27%
2000	29,332,012			270,316	29,602,328	262,918,938	11.26%
2001	27,439,484			270,317	27,709,801	273,117,902	10.15%
2002	28,599,529			270,317	28,869,846	281,984,017	10.24%
2003	25,218,828			368,661	25,587,489	288,246,084	8.88%
2004	19,037,015			2,366,717	21,403,732	306,621,945	6.98%
2005	15,757,535			2,807,715	18,565,250	321,385,243	5.78%
2006	15,957,306			2,803,326	18,760,632	330,427,181	5.68%
2007	11,802,084			2,681,541	14,483,625	340,210,231	4.26%
2008	9,004,856			2,260,179	11,265,035	348,844,066	3.23%
2009	5,676,766			821,591	6,498,357	358,145,204	1.81%
Assumptions: Note 1: FY 92 through FY 09 are actual scheduled payments for debt service on bonds outstanding as of June 30, 2004. Note 2: No additional Highway Fund General Obligation bonding is assumed. Note 3: Represents debt service on existing Certificates of Participation and Lease Purchase debt. There are no further authorizations for COPS or leased purchases. Note 4: FY2005 through 2009 revenues obtained from December 2004 Revenue Forecasting Committee Report.							